

STAFF SUMMARY FOR DETERMINATION OF NEED
BY THE PUBLIC HEALTH COUNCIL
October 13, 2010

APPLICANT: Steward St. Elizabeth's Medical
Center of Boston, Inc.

PROGRAM ANALYST: Bernard Plovnick

LOCATION: 736 Cambridge Street
Boston, MA 02135

REGION: HSA 4

DATE OF APPLICATION: May 10, 2010

PROJECT NUMBER: 4-3B92

PROJECT DESCRIPTION: Transfer of ownership of Caritas St. Elizabeth's Medical Center through the sale of its assets to Steward St. Elizabeth's Medical Center of Boston, Inc., a for-profit Delaware business corporation of which Steward Hospital Holdings LLC ("SHH"), a Delaware limited liability company, is the sole corporate member. SHH is managed by its sole corporate member, Steward Health Care System LLC, a Delaware limited liability company affiliated with Cerberus Capital Management, L.P.

ESTIMATED MAXIMUM CAPITAL EXPENDITURE: Not Applicable

ESTIMATED INCREMENTAL OPERATING COSTS: Not Applicable

LEGAL STATUS: A unique application for a Determination of Need filed pursuant to M.G.L. c.111, §51 and the regulations adopted thereunder.

ENVIRONMENTAL STATUS: No environmental notification form or environmental impact report is required to be submitted for this project since it is exempt under 301 Code of Massachusetts Regulations 11.00, promulgated by the Executive Office of Environmental Affairs pursuant to Massachusetts General Laws, Chapter 30, Sections 61-62H. This exemption has the effect of a determination that the project will cause no significant damage to the environment.

OTHER PENDING APPLICATIONS: None

COMPARABLE APPLICANTS: None

COMMENTS BY OFFICE OF THE ATTORNEY GENERAL: The Office of the Attorney General reviewed the transaction and issued a separate report with conditions.

COMMENTS BY EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES ("EOHHS"): EOHHS has determined that no access problems exist for Medicaid recipients in Caritas St. Elizabeth's Hospital's primary service area. EOHHS anticipates that the Hospital will continue to make access to Medicaid providers and primary care for Medicaid patients a priority (Attachment 2).

COMMENTS BY THE DIVISION OF HEALTH CARE FINANCE AND POLICY: None submitted

COMMENTS BY INTERESTED PARTIES: A public hearing was held in Brighton on June 22, 2010. Comments have been summarized and addressed in this staff summary.

RECOMMENDATION: Approval with conditions

I. BACKGROUND AND PROJECT DESCRIPTION

Steward St. Elizabeth's Medical Center of Boston, Inc. ("Applicant" or "Steward St. Elizabeth's") is seeking a Determination of Need ("DoN") for transfer of ownership of Caritas St. Elizabeth's Medical Center ("Caritas St. Elizabeth's" or "the Hospital"). Caritas St. Elizabeth's is a 252-bed acute care hospital located at 736 Cambridge Street, Boston, MA 02135 with satellite facilities located in Bedford and Brighton.

The Hospital is a member of Caritas Christi Health Care ("Caritas"), a comprehensive, integrated health care delivery network providing community-based medicine and tertiary care in eastern Massachusetts, southern New Hampshire and Rhode Island.

Steward St. Elizabeth's is a for-profit Delaware business corporation of which Steward Hospital Holdings LLC ("SHH"), a Delaware limited liability company, is the sole corporate member. SHH is managed by its sole corporate member, Steward Health Care System LLC ("Steward"), a Delaware limited liability company affiliated with Cerberus Capital Management, L.P, a private equity firm based in New York City.

The Hospital's service area includes 17 metropolitan Boston communities, including Allston-Brighton, Arlington, Newton, Waltham, and Weston. The Hospital's 252 licensed beds include 133 adult medical/surgical beds, 16 intensive care beds, 7 coronary care beds, 18 maternal newborn service beds, 18 neonatal intensive care beds, 11 substance abuse service beds, and 49 acute psychiatric beds.

The proposed transfer of ownership is set forth in an extensive purchase and sale agreement involving Caritas St. Elizabeth's and five other Caritas member hospitals. Subject to approval of the transaction and upon closing, Caritas intends to assign its interest to the Applicant, which will own and operate the hospital. It is the stated objective of the Applicant that the proposed transfer of ownership will allow the hospital to continue to operate as a community hospital serving the same cities and towns as Caritas St. Elizabeth's.

Caritas St. Elizabeth's Medical Center of Boston, Inc. is the current licensee and, under the terms of the transfer of ownership agreement, the proposed licensee will be Steward St. Elizabeth's Medical Center, Inc. for the Hospital and its satellites. The Applicant does not anticipate any immediate changes in services for at least three years and no capital expenditures are contemplated in association with this transfer.

II. STAFF ANALYSIS

Based upon a review of the application as submitted, Staff finds that the application satisfies the requirements for the Alternate Process for Change of Ownership found in 105 CMR 100.600 et seq. Specifically, Staff finds that the Applicant satisfies the applicable standards applied under 100.602 as follows:

A. Individuals residing in the hospital's primary service area or health systems area comprise a majority of the individuals responsible for the following decisions:

- (1) Approval of borrowings in excess of \$ 500,000;
- (2) Additions or conversions which constitute substantial changes in service;

- (3) Approval of capital and operating budgets; and
- (4) Approval of the filing of an application for determination of need.

According to the Applicant, a nine-member board will be responsible for the above decisions. As shown in Attachment 1, six of the nine members (67%) will be individuals residing in the Hospital's primary service area.

B. Evidence that consultation has taken place with the Division of Medical Assistance, prior to submission of the application, regarding access problems of Medicaid recipients to medical services in the facility's primary service area.

The Executive Office of Health and Human Services ("EOHHS") submitted a letter documenting that a consultation had taken place with the Applicant regarding Medicaid access to the Hospital's services. In its letter dated September 2, 2010, EOHHS stated, based upon its review of information submitted by the Applicant and other relevant parties, no known access problems exist for Medicaid recipients in the Hospital's primary service area. A copy of the EOHHS letter is provided as Attachment 2.

C. Neither the applicant nor any health care facility affiliates of the applicant have been found to have engaged in a pattern or practice of violating the provisions of M.G.L. c. 111, § 51(D).

The Division of Health Care Quality has determined that neither the Applicant nor any of its affiliates has knowingly engaged in a pattern or practice in violation of the provisions of M.G.L. c. 111, § 51(D).

D. If the application is for a transfer of ownership of a hospital, then the applicant is a hospital licensed by the Department or is an affiliate of a hospital licensed by the Department.

With the signing of a management consulting agreement with Caritas St. Elizabeth's Medical Center, the Applicant became an affiliate of a licensed Massachusetts hospital. The effective date of this agreement, included as Attachment 3, was May 6, 2010.

Evidence of Responsibility and Suitability

In addition to meeting the DoN standards indicated above, Staff notes that an applicant proposing to acquire an existing health facility must also be found to be responsible and suitable by the Division of Health Care Quality in order to be granted a hospital license. The Division of Health Care Quality found that Steward St. Elizabeth's Medical Center, Inc. meets the requirements for suitability set forth in 105 CMR 130.104.

III. COMMENTS BY INTERESTED PARTIES

A public hearing was ordered by the DoN Program Director and held on June 22, 2010 at Brighton High School. The hearing was conducted jointly with Office of the Attorney General ("Attorney General") and with the Department's Office of Suitability. At the hearing, which was attended by over one hundred people, 39 people, including the Applicant, provided testimony. Other parties submitted written comments during the comment period, which was extended through July 30, 2010.

Those testifying or submitting written comments included senior management of Caritas and Cerberus, physicians, employees, Hospital trustees, local citizens, elected public officials, and representatives of local organizations. Several individuals and organizations testified at the hearing or submitted written comments that were not specific to any one hospital but addressed broadly the Caritas/Cerberus transaction. Comments on the Caritas/Cerberus transfer were received from SEIU 1199, Catholic Action League of Massachusetts, Health Care Access Coalition, Health Care For All, Health Care Without Harm, Health Law Advocates, International Union of Operating Engineers Local 877, Mass Home Care, Massachusetts Building Trades Council of the AFL-CIO, Metrowest Legal Services, Southcoast Hospitals Group, Teamsters Local 25, and from several concerned citizens.

Dr. Ralph de la Torre, Chief Executive Officer of Caritas and Lisa Gray, representing Steward, outlined the reasons for the change in ownership as well as the details and benefits of the proposed agreement. Caritas described its extensive search for a merger partner or financial investor necessitated by its critical need for a source of capital to update its aging facilities and equipment and to fully fund its pension plan. Further, it was reported that Cerberus/Steward has agreed to continue to fund pastoral care and community benefits, and to maintain the Catholic identity and existing charity care policies. Dr. de la Torre will be retained as CEO of the new entity and each of the Caritas hospitals will maintain its own board of trustees. As a for-profit organization, Steward will be subject to state and local tax requirements. The major issues of the public hearing testimony and other written comments, along with Staff's responses, are presented below.

General Comments

The overwhelming majority of the comments were in support of the transfer of ownership. Many comments noted that the increased financial stability would improve the Hospital, allowing it to grow and make investments in its future and helping it to better serve the community.

Employee Issues

Many employees spoke at the hearing and noted that the infusion of capital would improve the facility, increase job security, job growth and career advancement, and make it easier to attract quality physicians and staff. Others noted that the proposal would provide stability for the pensions of present and former employees of the Hospital. Others highlighted the merger agreements' recognition of existing union contracts and provision for collective bargaining. Written testimony from SEIU 1199 supported the transfer for all of the above reasons.

Staff Response: Although not within the DoN review factors, based on the terms and conditions of the Asset Purchase Agreement between Caritas and Cerberus, Staff agrees that St. Elizabeth's employees will benefit from the proposed transaction.

Financial Impact of Transaction

Many speakers noted the need for capital and for the investment that Steward/Cerberus would make in the facility. Some pointed to other benefits to the community at large, such as the expected benefit of creating new jobs in both the health care and construction sectors. Others, notably elected officials, pointed to the critical importance of new revenues to the local tax base.

Staff Response: Although not within the DoN review factors, staff agrees that there will be a positive financial impact in the service area as a result of the Cerberus acquisition of the Caritas hospitals. The improved financial viability of St. Elizabeth's should have a positive impact on jobs in medicine and construction in the area, expand opportunities for local entry level health care providers, and provide significant new tax revenues to the local tax base and to the Commonwealth.

Catholic Identity

Two speakers expressed serious concern for the future of the Catholic mission of the Hospital. A spokesperson of the Catholic Action League of Massachusetts opposed the provision in the Stewardship Agreement that would permit Steward/Cerberus to abandon the Catholic mission upon payment of \$25 million to a charity to be selected by the Boston Archdiocese.

Staff Response: Staff notes that the Applicant and the Roman Catholic Archbishop of Boston ("RCAB") have executed a Stewardship Agreement dated April 30, 2010 defining the details of the Catholic identity of the Hospitals subsequent to the transfer of ownership. While it is accurate that the Stewardship Agreement does provide an option for the Applicant to buy out its commitment to preserving the Catholic identity of the Caritas system of hospitals as a whole, or of an individual hospital if it were to be sold, this matter falls outside of the scope of DoN review.

Essential Services

Some who testified expressed concern about the future of essential Hospital services, fearful that the Applicant may reduce or close unprofitable but needed services. Psychiatric and substance abuse treatment services were cited in the testimony of several individuals and organizations as being essential services needing protection. Another organization focused upon elder services while another sought assurance that services to the most vulnerable area residents not be reduced.

Staff Response: Staff notes that the Attorney General has set a condition on the sale of the Caritas hospitals that sets up a system for monitoring health care access issues for the populations served by the six hospitals. The Attorney General and the Department of Public Health will both participate in the monitoring function. Another condition will require that the Applicant not close any of the hospitals or reduce inpatient psychiatric and detoxification services for the first three years following the change of ownership. Further, the Attorney General has made a provision by which the three-year prohibition against closure of any hospital or reduction of inpatient psychiatric and detoxification services may be extended to five years if certain conditions are met.

Commitment to the Community

A number who testified questioned the adequacy of the three-year commitment made by the Applicant to maintain ownership of the Hospital, suggesting that a longer commitment was needed. Several called for the formation of a nonprofit community foundation with the proceeds of the sale of charitable assets. One suggested that a foundation be formed to fund unmet community health needs.

Staff Response: Staff notes that, while these items fall outside of the scope of DoN review, most are matters that the Office of the Attorney General has addressed in its review process.

Quality

Several who testified warned of the possibility of a conflict between profits and quality. One group questioned whether the transfer to new ownership would change the Hospital's patient care profile and staffing ratios. Others called for assurances that staffing ratios remain unchanged.

Staff Response: Staff notes that the scope of DoN review in a transfer of ownership application is limited to the Department's suitability review of the Applicant. If the transfer of ownership is successful, the Applicant will be required to meet the Department's quality standards in order to obtain and maintain licensure of the facility.

Environmental Health

Health Care Without Harm ("HCWH") recommended that the Applicant improve overall health performance the Caritas facilities through membership in Practice Greenhealth, by adopting the Green Guide for Health Care, and through participation in the Environmental Protection Agency's ("EPA") proposed Climate Showcase Communities Grant. HCWH offered to consult with and support Cerberus to comply with these recommendations.

Staff Response: Staff notes that the Applicant would be required to meet the hospital standards of the Green Guidelines adopted by the Department in any future construction projects requiring DoN approval. Beyond that, membership in environmental organizations such as proposed by HCWH would be a consideration for the Applicant, not the Department. The DoN Program will forward the HCWH recommendations to the Applicant for its consideration.

IV. Interpreter Services

The Office of Health Equity ("OHE") recently conducted a review of the interpreter and outreach services available to limited and non-English proficient ("LEP") patients at the Hospital. Improvements recommended by OHE are presented in Attachment 4 of this Staff Summary. OHE's recommendations have been included as a condition of approval of this project.

V. Staff Recommendation

Based on the above analysis, Staff recommends approval with conditions of Project No. 5-3B92 for the transfer of ownership and original licensure of Caritas St. Elizabeth's Medical Center resulting in a change in its corporate membership whereby Steward St. Elizabeth's Medical Center of Boston, Inc. will assume control over Caritas St. Elizabeth's Medical Center. Failure of the Applicant to comply with the conditions may result in Department sanctions, including possible fines and/or revocation of the DoN.

The conditions of approval are as follows:

1. Steward St. Elizabeth's must provide interpreter services as described in the document prepared by the Office of Health Equity, which is appended as Attachment 4 and is incorporated herein by reference.

2. Steward St. Elizabeth's shall continue to fund the commitments on Community Health Initiatives agreed to with regard to previously approved Determinations of Need granted to the Hospital and at the time of closing on the acquisition must have completed all current payments.

The Applicant has agreed to these conditions of approval.

Appendix

Steward St. Elizabeth's Medical Center of Boston, Inc.
Project #4-3B90

List of Attachments

- a. Local governing board committee members
- b. Letter from Executive Office of Human Services regarding Medicaid access issues
- c. Management Consulting Agreement by and between Caritas St. Elizabeth's Medical Center, Inc. and Steward St. Elizabeth's Medical Center of Boston, Inc.
- d. Comments by the Office of Health Equity

Attachment 1: Local Governing Board Committee Members

<u>First Name</u>	<u>Last Name</u>	<u>Address</u>	<u>City</u>	<u>State</u>	<u>Postal Code</u>	<u>Service Area</u>
Ralph	de la Torre, M.D.		Newton	MA	02465	PSA
John	Holiver		Mansfield	MA	02048	SSA
Kevin	Phelan		Wellesley	MA	02481	SSA
Kevin	Kelly		Norwell	MA	02061	-
Peter	Flaherty		Belmont	MA	02478	PSA
William	Hamilton		Brookline	MA	02446	PSA
Lester	Sheehan, M.D.		Milton	MA	02185	PSA
Nicolas	Madias		Newton	MA	02459	PSA
Joseph	Maher		W. Roxbury	MA	02132	PSA

PSA	6	67%
Others	3	33%
Total	9	

Attachment 2



DEVAL L. PATRICK
Governor

TIMOTHY P. MURRAY
Lieutenant Governor

The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Office of Medicaid
600 Washington Street
Boston, MA 02111



JUDYANN BIGBY, M.D.
Secretary

TERENCE G. DOUGHERTY
Medicaid Director

September 2, 2010

Ms. Joan Gorga
Program Director
Determination of Need Program
Massachusetts Department of Public Health
99 Chauncy Street, 2nd Floor
Boston, MA 02111

RE: Application from **Steward Healthcare System LLC** for a
Determination of Need for a Change of Ownership of Six Hospitals

Dear Ms. Gorga:

This is to confirm that consultation pursuant to 105 CMR 100.602(B) has taken place between the Executive Office of Health and Human Services (EOHHS) and the following Caritas Christi Health Care hospitals (Hospitals) for a Determination of Need regarding whether access problems of Medicaid recipients to medical services exist in their primary service areas:

Carney Hospital
Good Samaritan Medical Center
Holy Family Hospital
Norwood Hospital
Saint Anne's Hospital
Saint Elizabeth's Medical Center

EOHHS has considered all representations and information supplied by the Hospitals and other relevant parties in order to determine whether access problems exist. Information reviewed includes the following:

- Licensed bed capacity by site; location of Hospital Licensed Health Centers and Community Health Centers
 - MassHealth inpatient and outpatient volume for Fee for Service and PCC Plan members
-

- List of medical staff, including identification of primary care practitioners, and including physicians employed through Caritas Physician Network, all of whom are MassHealth providers.
- Capacity of PCC Plan sites located in the Hospitals' service areas
- Hospitals' contracting status with MassHealth MCOs as part of the MCOs' obligation to MassHealth to meet "Access and Availability" requirements
- Input from the Office of Behavioral Health, which reviewed its data and that of the Massachusetts Behavioral Health Partnership (MBHP.)

Based on our review of the above, EOHHS has determined that no access problems exist for Medicaid recipients in the primary services area. EOHHS anticipates that the Hospitals will continue to make access to Medicaid providers, primary care, and behavioral health care for Medicaid patients, a priority.

This review and determination is predicated on the current status of the Hospitals and does not preclude the need to address Medicaid contract and/or Medicaid reimbursement issues which may arise after the sale of the facilities.

In the event of any changes in ownership, the new owner must apply for new provider numbers by contacting Mary-Helen Hollingsworth of MassHealth Customer Service at 857-472-5744 or by email mary.hollingsworth@hp.com to request a new Provider Application.

The new owner must also complete an Acute Hospital Request for Applications (RFA) and Contract for each Hospital for the applicable Rate Year (RFA) with EOHHS. The RFA is available on the Commonwealth of Massachusetts Procurement Access and Solicitation System website (COMPASS), www.comm-pass.com or by contacting Kiki Feldmar at 617-348-5546 or by email at kiki.feldmar@state.ma.us.

Sincerely,



Terri Yannetti
Director, Primary Provider Network

M. Daria Niewenhous, Caritas Group
Ernie Fusaro, VP
Steve Sauter, EOHHS
Kiki Feldmar, EOHHS

MANAGEMENT CONSULTING AGREEMENT
by and between
Caritas St. Elizabeth's Medical Center of Boston, Inc.
and
Steward St. Elizabeth's Medical Center of Boston, Inc.

This Management Consulting Agreement (the "Agreement"), dated as of May 6, 2010 (the "Effective Date"), is entered into by and between Caritas St. Elizabeth's Medical Center of Boston, Inc. ("Hospital"), an acute care hospital licensed by the Massachusetts Department of Public Health ("DPH"), with a main campus at 736 Cambridge Street, Boston, Massachusetts, and Steward St. Elizabeth's Medical Center of Boston, Inc. ("Steward"). Hospital and Steward may sometimes be referred to herein individually as a "Party" and collectively as the "Parties." Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in that certain Asset Purchase Agreement by and among Caritas Christi, the Sellers identified therein and Steward Health Care System LLC dated as of March 19, 2010 (the "APA").

WHEREAS, pursuant to Section 4.17 of the APA, Hospital desires to retain Steward to consult with management with respect to the Hospital commencing as of the Commencement Date; and

WHEREAS, Steward desires to provide such services on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual representations, covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, Hospital and Steward, intending to be legally bound, do hereby represent, covenant and agree as follows:

ARTICLE 1

APPOINTMENT AND ENGAGEMENT OF STEWARD

1.1 Engagement of Steward. Effective as of the Effective Date, Hospital hereby retains and engages Steward to perform the Services (as defined below), and Steward hereby accepts such engagement, in each case on the terms and conditions set forth in this Agreement.

1.2 Control Retained by Hospital. Hospital shall at all times retain and exercise control over its assets, and Steward shall perform its functions hereunder in accordance with written policies and directives adopted by Hospital and the Hospital's management. By entering into this Agreement, Hospital does not delegate to Steward any of the powers, duties, or responsibilities that are vested in the management of the Hospital or vested in the Hospital bylaws or the Hospital's governing documents. The Hospital may, according to the terms of this Agreement (i) adopt as the Hospital's policies the recommendations and proposals made by Steward, or (ii) adopt as the

Attachment 3:
MANAGEMENT CONSULTING AGREEMENT
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recommendations of Steward. Notwithstanding any provision of this Agreement to the contrary, at no time shall Steward be authorized to undertake, nor shall Steward undertake, any independent actions on behalf of or in the name of the Hospital, it being understood, acknowledged and agreed that Steward's actions hereunder shall be limited to the making of recommendations to the management of the Hospital or to Hospital with respect to the operations or management of the Hospital.

1.3 Services to Be Provided by Steward. Commencing upon the Commencement Date (as defined in this Section 1.3 below) and continuing thereafter during the Term (as defined in Section 4.1 below) of this Agreement, Steward shall provide the management of Hospital, and the Hospital, with consulting services regarding the policies, procedures and decisions of the Hospital regarding the following (collectively, the "Services"):

(a) The selection, employment, supervision, training and compensation of employees, and related employee relations matters, it being acknowledged that all employees at the Hospital shall be and remain employees of the Hospital and carried on Hospital's payroll, and under no circumstances shall such employees be deemed employees or agents of Steward;

(b) Billing for services and materials furnished by the Hospital, the design and maintenance of accounting, billing, patient and collection records, and the preparation and filing of insurance, Medicare, Medicaid and any and all other necessary or desirable applications, reports and claims related to revenue production;

(c) Facility maintenance and repair programs;

(d) Quality assurance programs and standards and procedures for admitting and discharging patients;

(e) Agreements, contracts and orders for the furnishing of services, concessions and supplies for the operation and maintenance of the Hospital;

(f) Licenses, certifications, permits and accreditations in the name of Hospital, all as required by law for the operation of Hospital and all as necessary or required contracts with third-party payors and other similar governmental and non-governmental agencies and intermediaries;

(g) Emergency and evacuation procedures for the protection, warning and safe and timely evacuation of all patients, guests, invitees and staff from Hospital; and

(h) Operating budgets.

For purposes of this Agreement, the term "Commencement Date" shall mean the earlier to occur of the expiration or early termination of the notification and waiting period required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act").

1.4 Good Faith Effort by Steward. Steward shall act in good faith and use commercially reasonable efforts to perform its obligations hereunder, but shall have no liability to Hospital for: (i) the substance of any recommendation or the failure to make any recommendation; or (ii) any decisions made or omitted to be made with respect to any recommendation; or (iii) any actions taken or omitted to be taken by Hospital.

ARTICLE 2

MANAGEMENT FEE

As compensation for its Services hereunder, Hospital shall pay to Steward the aggregate sum of one hundred dollars (\$100.00) per calendar month, or any portion thereof, during the Term. Each monthly payment of \$100.00 shall be paid on the last business day immediately prior to the end of the month or partial month for which such payment is being made.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

Each Party makes the following representations and warranties, which are material representations and warranties with respect to the understanding of the Parties under this Agreement, which the other Party has relied upon as an inducement to enter into this Agreement, and which shall survive the termination thereof:

(a) This Agreement constitutes a valid and binding agreement of the Party, is enforceable against such Party in accordance with its terms; and neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby nor compliance with any of the provisions hereof will:

(i) conflict with, or result in, a breach of the Party's governing documents;

(ii) to the best of the Party's knowledge, violate any applicable statute, law, rule or regulation or any other writ, injunction or decree of any court of governmental authority;

(iii) violate or conflict with or constitute a default under (or give rise to any right of termination, cancellation or acceleration under) the terms or conditions or provisions of any note, instrument, bond, lease, mortgage, obligation, contract, agreement, understanding, arrangement or restriction of any kind to which the Party, or any of its assets or properties may be bound; or

(iv) to the best of the Party's knowledge, require the consent or approval by any governmental authority beyond those already obtained.

(b) Each Party is duly organized, validly existing and in good standing under the laws of the state in which it is incorporated, is duly authorized to conduct business within the Commonwealth of Massachusetts, and has all requisite power and authority to own, and to carry out its businesses as now being conducted or as contemplated, and to perform its obligations hereunder.

ARTICLE 4

TERM AND TERMINATION

4.1 Term. Unless otherwise terminated pursuant to Section 4.2 hereinafter, the term of this Agreement (the "Term") shall commence on the Effective Date, and shall continue for one (1) year, and on a month to month basis thereafter, unless sooner terminated as set forth below.

4.2 Termination. Either Party may terminate this Agreement immediately upon the delivery of written notice to the other Party.

ARTICLE 5

MISCELLANEOUS COVENANTS

5.1 Relationship of Parties. Nothing contained in this Agreement shall constitute or be construed to be or to create a partnership, joint venture or lease between Hospital and Steward with respect to Hospital.

5.2 Notices. All notices, demands and requests contemplated hereunder by either Party to the other shall be in writing and shall be delivered by hand, registered or certified mail, return receipt requested or sent by recognized guaranteed overnight delivery service to the other Party at such Party's address as hereinafter set forth: (i) in the case of Hospital to Caritas Norwood Hospital, Inc, 800 Washington Street, Norwood, Massachusetts 02062, Attn: President, with copies to Caritas Christi Health Care, 77 Warren Street, Boston, Massachusetts 02135 Attn: Ralph de la Torre, M.D., and Attn: Joseph C. Maher, Jr. Esq. and (ii) in the case of Steward to Steward Norwood Hospital, Inc., c/o Cerberus Capital Management, L.P., 299 Park Avenue, New York, NY 10171 Attn: W. Brett Ingersoll, with a copy to Cerberus Capital Management, LP, 299 Park Avenue, New York, NY 10171 Attn: Lisa Gray, Esq. and Christopher A. Holt, Esq., or in either event to such other address or to such other person as may be designated by at least five (5) days' prior written notice given from time to time during the Term hereof by one Party to the other. Rejection or refusal by the addressee to accept, or the inability of the courier service or the United States Postal Service to deliver because of change of address of which no notice was given, shall be deemed to be receipt of the notice sent.

5.3 Entire Agreement; Amendments. This Agreement contains the entire agreement between the Parties with respect to the subject matter; and no prior oral or written, and no contemporaneous oral representations or agreements between the Parties with respect to the subject matter of this Agreement shall be of force or effect. Any

additions, amendments or modifications to this Agreement shall be of no force or effect unless in writing and signed by both Hospital and Steward. Notwithstanding the foregoing or any other provision of this Agreement to the contrary, nothing set forth in this Agreement shall operate or be construed to operate as any sort of limitation, waiver, release or modification of the APA or any of the Parties' respective rights, claims, remedies or obligations thereunder, all of which are hereby expressly reserved and maintained.

5.4 Access to Books, Records and Documents.

(a) Until the expiration of four (4) years after the furnishing of Services pursuant to this Agreement, Steward shall make available, upon written request, to the Secretary of Health and Human Services, or upon request, to the Comptroller General of the United States, or any of their duly authorized representatives, this Agreement, and all books, documents and records of Steward that are necessary to verify the nature and extent of the costs of any Services furnished pursuant to this Agreement for which payment may be made under the Medicare Program.

(b) If Steward carries out any of the duties of this Agreement through a subcontract or subcontracts with an aggregate value or cost of \$10,000 or more over a twelve (12) month period with a related organization, such subcontract or subcontracts shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract or subcontracts, the related organization shall make available, upon written request, to the Comptroller General of the United States, or any of its duly authorized representatives, the subcontract or subcontracts, and all books, documents and records of such organization that are necessary to verify the nature and extent of the costs of any services furnished pursuant to such subcontract or subcontracts for which payment may be made under the Medicare Program.

5.5 Other Obligations of Hospital. Other than (i) the obligation of Hospital to pay Steward the management fee described in Article 2 or (ii) any breach by Hospital of this Agreement, Hospital shall have no obligations to Steward in connection with this Agreement.

5.6 Assignment. Neither Party shall assign this Agreement without the other Party's prior written approval. This Agreement shall be binding upon and inure to the benefit of the Parties hereto, and their permitted successors and assigns.

5.7 Anti-fraud and Abuse. The Parties expressly agree that nothing contained in this Agreement shall require either Party, or their respective agents and employees, to refer any patients to, or order any goods or services from, the other Party. Notwithstanding any unanticipated effect of any provision of this Agreement, neither Party will knowingly or intentionally conduct itself in such a manner as to violate the prohibitions against fraud and abuse in connection with the Medicare and Medicaid Programs.

5.8 Binding Agreement. The terms, covenants, conditions, provisions and agreements herein contained shall be binding upon and inure to the benefit of the Parties hereto, their successors and assigns.

5.9 Captions and Headings. The captions and headings throughout this Agreement are for convenience and reference only and the words contained therein shall in no way be held or deemed to define, limit, describe, explain, modify, amplify or add to the interpretation, construction or meaning of any provision of or scope or intent of this Agreement nor in any way affect this Agreement.

5.10 Waivers. No Party shall be deemed to have waived any rights provided to such party under this Agreement without a written statement by such Party indicating that such Party was aware of such rights and intended to waive such rights. No waiver of any right by a Party or failure to exercise any right of a Party with respect to any occurrences or events shall be deemed a waiver of such Party's right with respect to any other occurrence or event or with respect to a later happening of the same occurrence or event.

5.11 Severability. If any provision of this Agreement or the application hereof to any person or circumstance shall be determined by any court of competent jurisdiction to be invalid or unenforceable for any reason, then such determination shall not affect the remainder of this Agreement or the application of such provision to any other persons or circumstances.

5.12 Prevailing Party. In the event of litigation arising out of this Agreement, the prevailing Party shall be entitled to recover its costs and expenses, including reasonable attorneys' fees, arising out of such litigation.

5.13 Authority. Each person signing this Agreement on behalf of a Party hereto represents that such person has the authority to do so.

5.14 Governing Law. This Agreement shall be construed in accordance with and governed by the substantive laws of the Commonwealth of Massachusetts.


5.15 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. Copies of signature pages exchanged through facsimile or email shall have the same legally binding force and effect as though they were signed originals.

(Rest of Page Intentionally Left Blank
Signature Page to Follow)

**Signature Page to Consulting Management Agreement
by and between
Caritas St. Elizabeth's Medical Center of Boston, Inc.
and
Steward St. Elizabeth's Medical Center of Boston, Inc.**

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in multiple originals by their duly authorized officers, all as of the date and year first written above.

Caritas St. Elizabeth's Medical Center of Boston, Inc.

By: 
Name: Ralon de la Torre
Title: President / CEO

Steward St. Elizabeth's Medical Center of Boston, Inc.

By: _____
Name: _____
Title: _____

**Signature Page to Consulting Management Agreement
by and between
Caritas St. Elizabeth's Medical Center of Boston, Inc.
and
Steward St. Elizabeth's Medical Center of Boston, Inc.**

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed in multiple originals by their duly authorized officers, all as of the date and year first written above.

Caritas St. Elizabeth's Medical Center of Boston, Inc.

By: _____
Name: _____
Title: _____

Steward St. Elizabeth's Medical Center of Boston, Inc.

By: W. Brett Ingersoll
Name: W. Brett Ingersoll
Title: President

Attachment 4: Comments by the Office of Health Equity



The Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Public Health
250 Washington Street, Boston, MA 02108-4619

DEVAL L. PATRICK
GOVERNOR

TIMOTHY P. MURRAY
LIEUTENANT GOVERNOR

JUDYANN BIGBY, MD
SECRETARY

JOHN AUERBACH
COMMISSIONER

September 29, 2010

Ralph de la Torre, MD, President/CEO
Caritas Christi Health Care
77 Warren Street
Boston, MA 02135

Dear Mr. de la Torre:

Caritas Christi submitted a Determination of Need (DoN) application for a change of ownership for each of its six hospitals: Carney Hospital 4-3B87, Holy Family Hospital 3-3B89, Good Samaritan Hospital 5-3B88, Norwood Hospital 4-3B90, Saint Anne's Hospital 5-3B91 and Saint Elizabeth's Hospital 4-3B92.

The Office of Health Equity (OHE) conducted an assessment of each hospital's Interpreter Service Department to ensure the continuation of quality and timely language services for limited English proficient, non-English speakers, and Deaf and hard of hearing clients.

At each review, the Office of Health Equity was made aware of existing measures for efficiency and constancy in services; resulting, in a unified yet client-centered model of operation while maintaining the uniqueness of each hospital. A new position was formed with the intent to regulate hiring of staff interpreters, ensure standardization of policies and procedures, and improve consistency in training and translation services. Accordingly, available technology is integrated in service delivery to improve timeliness and minimize the length of unscheduled time patients spend in isolation.

The Office of Health Equity is optimistic about the future of interpreter services at each of the Caritas Christi's hospital. We will recommend the approval of change in ownership provided that Caritas Christi agrees to the implementation of the conditions found on the following pages.

Sincerely,

James Destine

James Destine
Massachusetts Language Access Coordinator
James.destine@state.ma.us
617-624-6011

Saint Elizabeth shall have in place the following elements of a professional medical interpreter services:

1. Develop a detailed plan for periodic training of clinical (especially physicians), support and administrative staff on the appropriate use of interpreters.
2. Revised the policies and procedures to include specific language that clearly states:
 - the availability of interpreter services at no cost,
 - the use of only trained interpreters to provide medical interpretation and/or logistical support,
 - the prohibition of the use of minors as interpreters and
 - The discouragement of the use of family members or ad hoc interpreters.
3. Notify the Office of Health Equity of any substantial changes to the Interpreter Services Program
4. A response addressing the above shall be submitted to the Office of Health Equity with a copy sent to the Director of Determination of need 45 days after the approval of the DoN.
5. Provide yearly a Language Needs Assessment (LNA). (Guiding principles developed by OHE are a recommended source.)
6. Submit an annual progress report to the Office of Health Equity 45 days after the close of federal fiscal year.
7. Follow recommended National Standards for Culturally and Linguistically Appropriate Services ("CLAS") in Health Care (materials available online at <http://www.omhrc.gov/templates/browse.aspx?lvl=2&lvlID=15>)